Supreme Court of the United States

OCTOBER TERM 1958

No. 385

LIVESAY INDUSTRIES, INC., and EVERETT G. LIVESAY WINDOW COMPANY, INC., Florida Corporations,

Petitioners,

vs.

LIVESAY WINDOW COMPANY, INC., a Florida Corporation, *et al.,*

Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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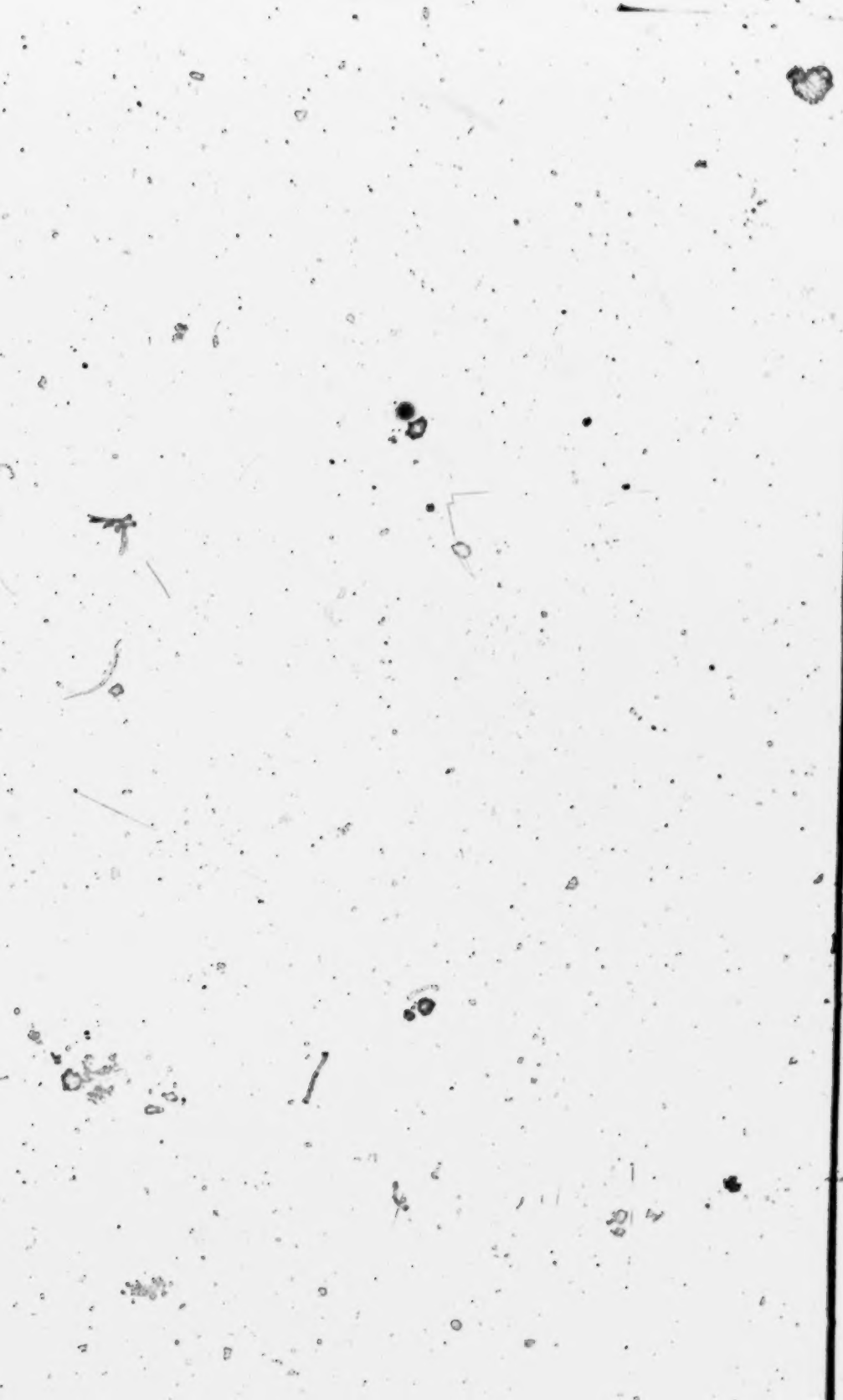

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RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Statement of the Case

This is a patent case in which the petitioners seek review of a decision affirming an order of the District Court (R 269-70) discharging a rule to show cause why the defendants should not be held in contempt for violating an injunction against selling otherwise non-infringing window frames "with the knowledge, purpose and intent" that they be incorporated in an infringing structure or combination (R 3).

The order discharging the rule was entered after a trial in open court at which the testimony of many witnesses was presented. After hearing the witnesses, the District Court specifically found that the defendants had not sold window frames with the knowledge, purpose and intent that they should be used in a combination which would infringe the patent (R 270).

The actions complained of in the present proceeding all took place after the entry of the judgment enjoining in-

fringement. At the time of the entry of that judgment, the defendant company discontinued the infringing practices which were enjoined and confined its operation to non-infringing frames which are referred to variously as Exhibit 8 or Exhibit 16 frames.

When the case was referred to a Master for an accounting, plaintiffs charged that the Exhibit 8 or Exhibit 16 frames constituted infringement and that they should be included in the accounting.

The Master concluded that when the defendant company sold these frames it violated the injunction that frames not be sold "with the knowledge, purpose and intent" that they be used in an infringing combination and included them in the account (See Record in Appeal 16,403, pp. 111-118).

The defendant company duly objected and in the final judgment or decree the District Court denied damages for the post-decree sales of the Exhibit 8 or Exhibit 16 frames and entered judgment only for the pre-decree sales. In the final judgment the District Court specifically adopted such findings as were consistent with that judgment and specifically overruled all objections except such as were consistent with the final decree (See Record in Appeal 16,403, pp. 994-7).

There is no specific provision in the final decree confirming or adopting the Master's conclusion as to the Exhibit 8 frames. However, in denying damages for the post-decree sales the Court stated that other proceedings including contempt proceedings would appear to be more appropriate and specifically stated that the denial of damages for the post-decree period did not constitute an adjudication that the Master's findings were erroneous.

The plaintiffs did not appeal from this judgment or decree and, since the defendant company's contention that the award of damages for the post-decree was inappropriate had been sustained, no appeal was taken by it from

the portion of the judgment denying damages for the post-decree period.

Thereafter the plaintiffs instituted the present rule to show cause and joined with the defendant company various officers who had not been parties to the proceeding prior to that time.

As the Court of Appeals pointed out in its decision, which is Appendix "D" to the Petition, there was adequate testimony to support the finding that the frames were not constructed or sold specifically for use in an infringing combination and were sold for use in windows where no venetian blind guides were desired, and that they had no characteristics not reasonably essential for non-infringing frames in which no blind guides were to be employed.

Thousands were used without blind guides (R 468-9, 578-9, 556-8, Record in Appeal No. 16,403). There was nothing peculiar to the Exhibit 8 or Exhibit 16 frames especially adapting them for infringing use (R 564-8, 575-6, 591). They were sold like any other commodity. A stock was made up and the builders ordered by telephone, just as the housewife would order from a grocery store (R 595, 601-2).

ARGUMENT

There is no Reason why the Writ Should be Granted

This is an ordinary patent case in which the plaintiffs sought to show that the defendants had violated the injunction by selling frames with the "knowledge, purpose, and intent" that the frames be used in an infringing combination.

After hearing the witnesses in open Court and observing their demeanor, the District Court found as a fact that no such intent had been proven.

The Court of Appeals affirmed, finding that there was competent evidence to support the finding.

Such concurrent findings are not to be set aside unless clearly erroneous. In *United States* v. *Yellow Cab Co.*, 338 U. S. 338 (1949), this Court emphasized that this Rule has special applicability where motives and intent are involved. It said (pp. 341-2):

> "Findings as to the design, motive and intent with which men act depend peculiarly upon the credit given to witnesses by those who see and hear them. If defendants' witnesses spoke the truth, the findings are admittedly justified. The trial court listened to and observed the officers who had made the records from which the Government would draw an inference of guilt and concluded that they bear a different meaning from that for which the Government contends.
>
> "It ought to be unnecessary to say that Rule 52 applies to appeals by the Government as well as to those by other litigants. There is no exception which permits it, even in an antitrust case, to come to this Court for what virtually amounts to a trial *de novo* on the record of such findings as intent, motive and design. While, of course, it would be our duty to correct clear error, even in findings of fact, the Government has failed to establish any greater grievance here than it might have in any case where the evidence would support a conclusion either way but where the trial court has decided it to weigh more heavily for the defendants. Such a choice between two permissible views of the weight of evidence is not 'clearly erroneous'".

This is not a case in which there is any unsettled or undisputed question of law or any conflict in decision with any other Circuit, and there is no question of general interest or public importance calling for the grant of certiorari.

The Facts Determined on the Rule to Show Cause had not Become *res judicata*

The record does not sustain the contention that the facts determined on the rule to show cause had become *res judicata*.

The Master had found that there had been a violation of the injunction and concluded that there should be an accounting for the post-decree sales of Exhibit 16 frames. The District Court, however, did not adopt these findings and conclusions and incorporate them into the judgment.

The District Court only adopted such findings as were necessary to sustain its judgment, which was concerned only with pre-decree sales.

It cannot be said that the judgment entered by the District Court after the accounting determined that the post-decree sales constituted a violation of the injunction or an infringement of the patent: The judgment was that there should be no accounting for those sales and except for the fact that the Court reserved the question for later proceedings, the judgment would have made the question *res judicata* in favor of the defendant company.

The rule set forth in the cases cited by the petitioners relative to *res judicata* is that questions become *res judicata* only if they have been distinctly put in issue and directly determined by a court of competent jurisdiction.

Here in addition it must be kept in mind that the additional respondents in the contempt proceeding had not been parties to the prior proceedings. The judgment there was not *res judicata* as to them.

There is No Conflict with other Courts on the Infringement Question

Petitioners argue that there is a conflict with the Second Circuit decision in *Freedman v. Overseas Scientific Corporation*, 248 F. 2d 254 (2 Cir. 1957). Their contention is incorrect.

In *Freedman* the invention consisted of dentures having magnets disposed in them so that the repelling forces between like polarities in the magnets would tend to force the denture into place in the mouth of the user. The defendant sold teeth with the magnets incorporated in them. The Court properly found that these teeth did not constitute staple articles suitable for substantial non-infringing use. It was clear that there was no excuse for incorporating the magnet other than to bring the invention into play.

In the present case, there were thousands of frames sold for use without blind guides. The frames were staple articles. They were made in quantities and placed in stock and the users ordered them by telephone just as they would order any other staple article.

Both the District Court and the Court of Appeals recognized that the frames were widely used in a non-infringing way and constitute a staple article.

It is contended that *Henry v. A. B. Dick Co.*, 224 U. S. 1 (1911) is authority for holding that the defendants had the intent to have their frames incorporated in infringing combinations. In *Henry* the certified fact was that the defendant sold the product with the "expectation" that it be used in infringement of the patent. Here the proof was that the defendant company sold the frames expecting them to be used without blind guides and even went so far as to refer those who insisted on blind guides to the plaintiffs.

The Courts below have determined the fact issue on the testimony of witnesses taken in open court. There is no reason for granting a writ of certiorari to review such a case.

Conclusion

It is respectfully requested that the Petition be denied because the record does not present a case calling upon this Court to exercise its supervisory powers.

After an Open Court trial, where the District Court could observe the witnesses, the Court found that the defendants did not have the intent charged. The Court of Appeals found that the evidence supported the finding, and affirmed.

There is no substance to the contention that the judgment heretofore rendered in the case made the issues *res judicata*. The District Court did not pass upon the issues.

There is no conflict with other Circuits. The Court properly concluded that the frames charged to be an infringement were commodities capable of substantial non-infringing use, and hence not infringing.

Respectfully submitted,

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